

**TESTIMONY OF BATH IRON WORKS CORPORATION
BEFORE THE JOINT STANDING COMMITTEE ON
ENERGY, UTILITIES & TECHNOLOGIES
IN OPPOSITION TO
LD 1676, AN ACT TO ESTABLISH A PROCESS FOR PROCUREMENT
OF RENEWABLE RESOURCES
MARCH 28, 2016**

Senator Woodsome, Representative Dion and members of the Joint and Standing Committee for Energy Utilities and Technology, thank you for the opportunity to express the opposition of Bath Iron Works ("BIW") to LD 1676. As one of the largest employers and consumers of electricity in the State of Maine, BIW's opposition is rooted in its need for competitive electricity prices and against the adoption of policies which increase such costs, particularly where it competes against businesses in Louisiana and Mississippi which enjoy electricity prices that are 20% less than is available to BIW.

BIW has constructed ships on the banks of the Kennebec River for over 100 years. The skilled shipbuilders and engineers of BIW design and construct the world's most advanced surface combatants for the United States Navy, integral to the national security of the United States and its allies. BIW also provides economic security as it currently employs over 6,100 Maine citizens, who reside in communities located in ALL of Maine's 16 counties. BIW has an annual payroll of ~\$400M and purchases \$60M in supplies/services each year from companies in 12 Maine counties with about \$30M coming from small Maine businesses.

With tight federal defense budgets and an overall decline in the number of Navy ships being constructed, BIW works very hard to reduce the total cost of building ships in Bath, Maine. BIW's primary competitors in Mississippi and other southern states benefit from both lower electricity costs and the avoidance of costs associated with heating production facilities. The Company is pursuing numerous cost reduction efforts and a lower energy cost remains an essential strategy in our effort to

remain competitive. For BIW to win new work in a competitive bid environment, every dollar matters. As a result, every dollar expended by BIW on overhead has real consequences.

However, these cost savings are diminished by the adoption of policies which increase the cost of electricity for large industrial consumers. Those policies only exacerbate BIW's competitive disadvantage against shipyards which pay less for electricity and energy.

BIW shipbuilders work in an environment of continuous improvement and welcome the opportunity to help solve the problem of ensuring an adequate supply of low cost energy. It is one that has not been solved yet by market forces. The Company encourages the Maine Legislature, the PUC, the Governor's Energy office and this Committee to continue to look for ways to reduce energy costs and increase energy efficiency efforts without negatively impacting large manufacturers like BIW.

We look forward to working with the Committee and respectfully oppose any legislation which will increase the cost of electricity for large industrial users of electricity. Thank you.